



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE

Marc Elrich
County Executive

Tiffany Ward
Director and Chief Equity Officer

MEMORANDUM

April 10, 2023

To: Jennifer Bryant, Director
Office of Management and Budget

From: Tiffany Ward, Director
Office of Racial Equity and Social Justice 

Re: Racial Equity Impact Assessment (REIA) Supplemental Appropriation (SA) #23-93
FY23 Operating Budget - Utilities Non-Departmental Account

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ) finds that Supplemental Appropriations #23-93 to add \$8,286,672 to the *Utilities Non-Departmental Account (NDA) FY23 Operating Budget* neither advances nor impedes racial equity and social justice in the County as the funds are intended to cover cost increases in utilities for county facilities.
- II. **BACKGROUND:** Electricity, natural gas, water and sewer, renewable energy, and other expenses for County facilities are budgeted in the Utilities NDA-which is managed by the Department of General Services (DGS). This includes utilities for over 1,500 separately metered accounts for all County buildings-including police stations, libraries, health and human services facilities, correctional facilities, maintenance buildings, warehouses, as well as traffic control signalized intersections and streetlights. The purpose of SA #23-93 is to cover anticipated budget overages in the Utilities NDA due to increases in commodity prices. Specifically, increases in the electricity cost per kilowatt-hour have increased from 11.3 cents in FY21 to 15.6 cents in FY23-resulting in projected expenditures exceeding the approved budget by over \$8 million.

In FY22, operating expenses also exceeded the appropriation in the Utilities NDA due to actual electricity expenditures being greater than budgeted. Again, this is attributed to

increases in electricity commodity costs, as well as the reopening of County facilities and natural gas expenditures being higher than budgeted due to supply issues.¹

The savings generated from investments in energy savings infrastructure should continuously be reported to ensure that intended savings are being achieved. By April 1 of each year, the Department must submit an annual report to the Council and Executive describing:

- 1) the added clean renewable energy technology generation by each project;
- 2) the revenues and expenditures of each project;
- 3) each project supported by the Program; and
- 4) the cost and energy savings resulting from the program².

The most recent Green Government Report included savings from FY19³, however, updated numbers were not available at the time of this analysis. The goal of reducing the County's energy costs is fiscally prudent, especially in light of increasing commodity prices. Reducing costs is also beneficial towards freeing resources that could be used to reduce racial disparities and gaps in the county.

cc: David Dise, Director, Department of General Services
Ken Hartman, Director, Strategic Partnerships, Office of the County Executive

¹ End-of-year transfers for the FY22 County Government Operating Budget: Available at:

https://www.montgomerycountymd.gov/council/Resources/Files/agenda/col/2022/20221213/20221213_6D.pdf.

² Montgomery County Code. Chapter 8 Buildings, Article VIII. Clean Energy Renewable Technology. Section 8-57. Administration; reporting

³ Montgomery County FY2019 Green Government Report. Available at: <https://www.montgomerycountymd.gov/DGS-OES/Resources/Files/2019GreenGovernmentReport.pdf>.